

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Hempstract Inc.**

a Nevada corporation  
11728 Rd. U SE  
Warden, Washington 98857

[www.hempstractlabs.com](http://www.hempstractlabs.com)  
(877) 258-7836  
info@hempstractlabs.com

446191 (Primary SIC Code)

### **Quarterly Report for the Period Ending: March 31, 2022 (the "Reporting Period")**

As of March 31, 2022, the number of shares outstanding of our Common Stock was: 93,896,315

As of December 31, 2021, the number of shares outstanding of our Common Stock was: 93,896,315

As of September 30, 2021, the number of shares outstanding of our Common Stock was: 93,896,315

As of December 31, 2020, the number of shares outstanding of our Common Stock was: 93,485,744

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period: Yes:

☐ No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period: Yes:

☐ No: ☒

#### **1) Name and address(es) of the issuer and its predecessors (if any)**

<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The name of the issuer is "Hempstrack Inc". The predecessor entities to Hempstrack Inc. were Riverdale Oil and Gas Corporation until September 10, 2020, Helisys, Inc. until July 2006, and Fraser Industries, Inc. until March 2007.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g., active, default, inactive):

Hempstrack Inc. (the "Company") is a Nevada corporation formed on February 23, 2007. The issuer's current standing in its state of incorporation is "active."

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On February 28, 2020, Manufacturing 360, LLC acquired a controlling interest of the Company, and Richard Hawkins was appointed as director, CEO and President. On February 2, 2020, Ron Herzfeld resigned as Director, President and Treasurer and Michael Glazer resigned as Secretary.

On August 6, 2020, the Company entered into an Asset Purchase Agreement with Hempstrack, LLC ("Hempstrack"), a Washington limited liability company, pursuant to which the Company acquired all of Hempstrack's assets, including licenses, equipment, materials, inventory, assignment of all leases, services, and vendor contracts for the purchase price of 36,800,000 restricted common shares of the Company.

The address(es) of the issuer's principal executive office:

Hempstrack, Inc., 11728 Rd. U SE, Warden, Washington 98857

The address(es) of the issuer's principal place of business:

*Check box if principal executive office and principal place of business are the same address:* ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

## 2) Security Information

Trading symbol: HPST  
Exact title and class of securities outstanding: Common  
CUSIP: 76869215  
Par or stated value: \$0.001

Total shares authorized: 100,000,000 as of date: March 31, 2022  
Total shares outstanding: 93,896,315 as of date: March 31, 2022  
Number of shares in the Public Float<sup>2</sup>: 15,931,810 as of date: March 31, 2022  
Total number of shareholders of record: 327 as of date: March 31, 2022

*All additional class(es) of publicly traded securities (if any):*

None

### Transfer Agent

Name: Action Stock Transfer  
Phone: 801-274-1088  
Email: [jb@actionstocktransfer.com](mailto:jb@actionstocktransfer.com)

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

## 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End:		*Right-click the rows below and select "Insert" to add rows as needed.
	<u>Opening Balance</u>	
Date <u>12/31/20</u>	Common: <u>93,485,744</u> Preferred: <u>N/A</u>	

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g., for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
1/14/21	New Issuance	965,000	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
1/21/21	New Issuance	87,500	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
2/1/21	New Issuance	153,050	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
2/1/21	New Issuance	5,000,000	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
3/9/21	Cancellation, shares returned to treasury <sup>2</sup>	(25,396,942)	Common Stock	0.10	Yes	Hempstrack, LLC <sup>3</sup>	Share Cancellation	Restricted	Rule 144

3/10/21	New Issuance	203,438	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
3/10/21	New Issuance	319,687	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
3/10/21	New Issuance	58,125	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
3/10/21	New Issuance	4,697,500	Common Stock	0.01	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
3/15/21	New Issuance	250,000	Common Stock	0.10	Yes	Mitchell Setlow	Purchase Shares	Restricted	Rule 144
3/16/21	New Issuance	10,144	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144

3/16/21	New Issuance	1,210,625	Common Stock	0.08	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
3/19/21	New Issuance	250,000	Common Stock	0.10	Yes	Richard Hawkins	For services: Officer Compensation	Restricted	Rule 144
3/19/21	New Issuance	50,000	Common Stock	0.10	Yes	Robert & Regina Tyhuis	Purchase Shares	Restricted	Rule 144
4/2/21	New Issuance	1,052,928	Common Stock	0.01	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
4/2/21	New Issuance	4,965,000	Common Stock	0.01	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
4/7/21	New Issuance	50,000	Common Stock	0.10	Yes	Cory Haynes	Purchase Shares	Restricted	Rule 144

4/7/21	New Issuance	50,000	Common Stock	0.10	Yes	ConnerHaynes	Purchase Shares	Restricted	Rule 144
4/7/21	New Issuance	50,000	Common Stock	0.10	Yes	JessicaHaynes	Purchase Shares	Restricted	Rule 144
4/7/21	New Issuance	60,000	Common Stock	0.10	Yes	Stephanie Schnedler	Employee Compensation	Restricted	Rule 144
4/7/21	New Issuance	60,000	Common Stock	0.10	Yes	Jason Schnedler	Employee Compensation	Restricted	Rule 144
4/7/21	New Issuance	50,000	Common Stock	0.10	Yes	Bruce Fincher	Purchase Shares	Restricted	Rule 144
4/29/21	New Issuance	334,549	Common Stock	0.01	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144

5/7/21	New Issuance	100,000	Common Stock	0.10	Yes	Julee Mathews	Consulting Services	Restricted	Rule 144
5/7/21	New Issuance	50,000	Common Stock	0.10	Yes	Travis Denton	Consulting Services	Restricted	Rule 144
5/7/21	New Issuance	89,267	Common Stock	0.10	Yes	Kevin Svendsen	Purchase Shares	Restricted	Rule 144
6/9/21	New Issuance	1,700,000	Common Stock	0.10	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
6/9/21	New Issuance	100,000	Common Stock	0.10	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144
6/9/21	New Issuance	3,640,700	Common Stock	0.10	Yes	Justin Costello	Purchase Shares	Restricted	Rule 144



6/9/21	New Issuance	200,000	Common Stock	0.125	Yes	John C. Farrow	Purchase Shares	Restricted	Rule 144
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>									
Date <u>3/31/22</u>	Common: <u>93,896,315</u>								
Preferred: <u>N/A</u>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

<sup>1</sup> On June 29, 2020, the company incorrectly issued 250,000 shares instead of 25,000. A "Fix It" letter was provided to the transfer agent to correct the issuance. The cost was based on a share price of \$0.20ea for a value of \$5,000,000. The 250,000 incorrectly issued shares were canceled on July 10, 2020, and the correct amount of 25,000 shares were issued on July 10, 2020

<sup>2</sup> On March 9, 2021 the issuance of these shares was cancelled the shares were returned to treasury.

<sup>3</sup> Hempstrack, LLC is a subsidiary of Hempstrack, Inc with the Company as sole governor. Control persons are disclosed in Section 7

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)

Use the space below to provide any additional details, including footnotes to the table above:

---

#### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: **Robert Hymers. Pinnacle Tax Services. Inc.**  
Title: **Accountant**  
Relationship to Issuer: **Independent Contractor**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

---

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

---

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

## 5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

On August 6, 2020, the Company entered into an Asset Purchase Agreement with Hempstrack, LLC, a Washington limited liability company, pursuant to which the Company acquired all of Hempstrack's assets, including licenses, equipment, materials, inventory, assignment of all leases, services, and vendor contracts for the purchase price of 36,800,000 common shares of the Company.

At the time of its acquisition of the Hempstrack business, the Company discontinued and spun off its oil and gas interests and put into place a new business plan is to develop and sell hemp-based products.

Assets acquired in the Hempstrack transaction include 3,125 kilograms of CBD isolate valued at \$10,700,00 along with material assets and equipment valued at over \$750,000.

The Company is currently in the process of renovating a historic ICBM Titan Missile facility site in eastern Washington state to produce only the highest quality THC-Free products that are derived from non-GMO industrial hemp grown with natural farming practices. Our planned products include CBD Isolate & distillate oil, nutritional whole plant extract for topicals, lotions, bath bombs, pills and pet products. Focused on hemp, the laboratory continues isolating novel cannabinoids and developing new processes for the isolation of CBD. In addition, the lab has developed many new formulations and applications for CBD and related cannabinoids.

Hempstrack offers business partners premium CBD Solutions they can trust at competitive prices. Hempstrack and its laboratories go to great lengths to ensure that all of its solutions are of the highest quality and control standards and provides pure, high-quality, and safe, CBD isolate and oil to its customers. Hempstrack utilizes its in-house professionals to analyze, evaluate, and pursue industry level projects, along with outsourced industry professionals. With its relationships with industry leaders, the Company works closely to participate side-by-side, in providing the quality programs generally reserved for the industry.

Below is a list of the status of All Working Interest Ownership in the following Leases/Wells that were transferred to Ron Herzfeld and prior management as part of the change in control that took place on February 28, 2020. This has been recorded as a discontinued operation on the financial statements for the period ended December 31, 2020:

LEASE/wells	
Koomey Leases & all wells Located in Waller Co., TX	Lost due to lack of production Still has plugging obligations
Lampley Lease with 1 well only Abandoned Lavaca Co., TX	No Production – Plugged &
Sills Lease with 1 well only	Lost due to lack of production

Victoria Co., TX

Still has plugging obligations

Hitzfelder Lease – Ownership in #8 Only  
Economic with Frio Co., TX  
Obligations

Very low production – Non-  
Existing Liabilities & future P&A

Stowe #5  
Waller Co., TX

All other wells – no production  
Very low production – Non-Economic with  
Existing Liabilities & Future P&A Obligations

This list reflects the entire working interest ownerships acquired by RVDO over several previous years which has no existing ownership or liabilities remaining that are now owned by the Operators of record with the Texas RRC.

B. Please list any subsidiaries, parents, or affiliated companies.

N/A

C. Describe the issuers' principal products or services.

Legal hemp and CBD products

## 6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company's hemp production facilities, currently operational and under renovation, are located at 11728 Rd. U SE, Warden, Washington 98857

## 7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director and Control Person	Affiliation with Company (e.g., Officer/Director/Owner of more than 5%)	Residential Address(City/ State Only)	Number of shares owned	Share type/classes	Ownership Percentage of Class Outstanding	Note
Richard Hawkins	CEO/President	1700 7th Ave, Suite 2300, Seattle, WA 98101	650,000	Common	.69%	
Justin Costello	More than 5% shareholder	10700 NE 4TH ST#1102 BELLEVUE, WA 98004	51,807,778	Common	55.18%	
Kim Melbye	More than 5% shareholder	2875 W FIRST ST POBOX 665 WARDEN, WA 98857	6,440,000	Common	6.86%	
Gregory Haynes	More than 5% shareholder	2875 W FIRST ST POBOX 665 WARDEN, WA 98857	6,440,000	Common	6.86%	

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

N/A

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

**9) Third Party Providers**

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: BrannellyLaw, PLLC  
Firm: Jack Brannelly  
Address 1: PO BOX 1832  
Address 2: Draper, UT 84020  
Phone: (801) 953-9070  
Email: jack@brannellylaw.com

Accountant or Auditor

Name: Robert Hymers  
Firm: Pinnacle Tax Services Inc.  
Address 1: 520 S. Grand Ave, Suite 320  
Address 2: Los Angeles, CA 90071  
Phone: \_\_\_\_\_  
Email: info@pinnacletaxandaccounting.com

**10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Richard Hawkins, certify that:

1. I have reviewed this quarterly disclosure statement of Hempstrack Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2022

/s/ Richard Hawkins

*Principal Financial Officer:*

I, Richard Hawkins, certify that:

1. I have reviewed this quarterly disclosure statement of Hempstrack Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2022

/s/ Richard Hawkins



**Hempstrack Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ -
Inventory	5,881,012	5,881,012
Total Current Assets	<u>5,881,012</u>	<u>5,881,012</u>
Fixed Assets		
Property, Plant, and Equipment, net	614,276	614,276
Building Improvements	107,987	107,987
<b>TOTAL ASSETS</b>	<u><u>\$ 6,603,275</u></u>	<u><u>\$ 6,603,275</u></u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 128,466	\$ 128,466
Total Current Liabilities	<u>128,466</u>	<u>128,466</u>
Total Liabilities	<u>128,466</u>	<u>128,466</u>
Stockholders' Equity		
Common Stock	93,896	93,896
Common Stock to be Issued	50	50
Additional Paid-In Capital	13,416,219	13,416,219
Accumulated Deficit	<u>(7,035,357)</u>	<u>(7,035,357)</u>
Total stockholder's equity	<u>6,474,809</u>	<u>6,474,809</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT</b>	<u><u>\$ 6,603,275</u></u>	<u><u>\$ 6,603,275</u></u>

The accompanying notes are an integral part of these unaudited consolidated financial statements

**Hempstrack Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<hr/>	<hr/>
Production Revenue	\$ -	\$ 45,000
Cost of Goods Sold	-	31,492
Gross profit	<hr/> -	<hr/> 13,508
<b><u>Expenses:</u></b>		
General and Administrative	-	13,006
Salaries and Wages	-	15,918
Tax and Licenses	-	1,025
Lease Expense	-	6,000
Legal and Professional Fees	-	12,618
Utilities	-	974
Total operating expenses	<hr/> -	<hr/> 49,541
Operating loss	-	(36,033)
Discontinued Operations Income (Loss)	<hr/>	<hr/>
Total Discontinued Operations Income (Loss)	<hr/> -	<hr/> -
Net Income (Loss)	<hr/> <hr/> \$ -	<hr/> <hr/> \$ (36,033)
Basic and diluted loss per common share	<hr/> <hr/> \$ -	<hr/> <hr/> \$ (0.00)
Weighted average common shares outstanding	<hr/> <hr/> 93,896,315	<hr/> <hr/> 93,000,044

The accompanying notes are an integral part of these unaudited consolidated financial statements

**Hempstract Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**For the Three Months Ended March 31, 2022, and the Three Years Ended December 31, 2021, 2020, and 2019**

	Common Stock		Common Stock to be issued		Additional Paid In Capital	Accumulated Deficit	Total
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
<b>Balance, December 31, 2018</b>	<b>26,342,182</b>	<b>\$ 26,342</b>	-	\$ -	\$ -	<b>\$ (44,631)</b>	<b>\$ (18,289)</b>
Net Loss	-	-	-	-	-	(1,394)	(1,394)
<b>Balance, December 31, 2019</b>	<u>26,342,182</u>	<u>\$ 26,342</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,025)</u>	<u>\$ (19,683)</u>
<b>Balance, December 31, 2019</b>	<b>26,342,182</b>	<b>\$ 26,342</b>	-	\$ -	\$ -	<b>\$ (46,025)</b>	<b>\$ (19,683)</b>
Proceeds from Common Stock Subscriptions	2,875,000	2,875	-	-	845,225	-	848,100
Common Stock Issued for Assets Purchase	62,196,942	62,197	-	-	27,403,973	-	27,466,170
Common Stock Issued for Services Rendered	2,071,620	2,072	50,000	50	1,281,888	-	1,284,010
Prior Period Adjustment to Additional Paid-In Capital	-	-	-	-	(16,361,366)	-	(16,361,366)
Prior Period Adjustment to Accumulated Deficit	-	-	-	-	-	(1,434,282)	(1,434,282)
Net Loss	-	-	-	-	-	(5,419,093)	(5,419,093)
<b>Balance, December 31, 2020</b>	<u>93,485,744</u>	<u>\$ 93,486</u>	<u>50,000</u>	<u>\$ 50</u>	<u>\$ 13,169,720</u>	<u>\$ (6,899,401)</u>	<u>\$ 6,363,855</u>
<b>Balance, December 31, 2020</b>	<b>93,485,744</b>	<b>\$ 93,486</b>	<b>50,000</b>	<b>\$ 50</b>	<b>\$ 13,169,720</b>	<b>\$ (6,899,401)</b>	<b>\$ 6,363,855</b>
Proceeds from Common Stock Subscriptions	42,893,949	42,894	-	-	(150)	-	42,744
Common Stock Retired/Returned to Treasury	(42,553,378)	(42,553)	-	-	-	-	(42,553)
Common Stock Issued for Services Rendered	70,000	70	-	-	-	-	70
Prior Period Adjustment to Additional Paid-In Capital	-	-	-	-	246,649	-	246,649
Prior Period Adjustment to Accumulated Deficit	-	-	-	-	-	208,689	208,689
Net Loss	-	-	-	-	-	(344,645)	(344,645)
<b>Balance, December 31, 2021</b>	<u>93,896,315</u>	<u>\$ 93,896</u>	<u>50,000</u>	<u>\$ 50</u>	<u>\$ 13,416,219</u>	<u>\$ (7,035,357)</u>	<u>\$ 6,474,809</u>
<b>Balance, December 31, 2021</b>	<b>93,896,315</b>	<b>\$ 93,896</b>	<b>50,000</b>	<b>\$ 50</b>	<b>\$ 13,416,219</b>	<b>\$ (7,035,357)</b>	<b>\$ 6,474,809</b>
Net Loss	-	-	-	-	-	-	-
<b>Balance, March 31, 2022</b>	<u>93,896,315</u>	<u>\$ 93,896</u>	<u>50,000</u>	<u>\$ 50</u>	<u>\$ 13,416,219</u>	<u>\$ (7,035,357)</u>	<u>\$ 6,474,809</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements

**Hempstrack Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>For the Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flow From Operating Activities</b>		
Net Income (Loss)	\$ -	\$ (36,033)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Non-Cash Accrued Expenses	-	11,819
<b>Changes in working capital</b>	-	-
<b>Net Cash Used in Operating Activities</b>	-	(24,214)
<b>Cash Flow From Investing Activities</b>		
<b>Net Cash From Investing Activities</b>	-	-
<b>Cash Flow From Financing Activities</b>		
<b>Net Cash From Financing Activities</b>	-	28,687
<b>Net Change in Cash</b>	-	4,473
<b>Cash at Beginning of Period</b>	-	33,072
<b>Cash at End of Period</b>	\$ -	\$ 37,545
<b>Net cash paid for:</b>		
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ -

The accompanying notes are an integral part of these unaudited consolidated financial statements

Hempstrack Inc.  
Footnotes to the financial  
statements for the Quarter Ended  
March 31, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

On August 6, 2020, the Company entered into an Asset Purchase Agreement with Hempstrack, LLC, a Washington limited liability company, pursuant to which the Company acquired all of Hempstrack's assets, including licenses, equipment, materials, inventory, assignment of all leases, services, and vendor contracts for the purchase price of 36,800,000 common shares of the Company.

At the time of its acquisition of the Hempstrack business, the Company discontinued and spun off its oil and gas interests and put into place a new business plan is to develop and sell hemp-based products.

The Company is currently in the process of renovating a historic ICBM Titan Missile facility site in eastern Washington state to produce only the highest quality THC-Free products that are derived from non-GMO industrial hemp grown with natural farming practices. Our planned products include CBD Isolate & distillate oil, nutritional whole plant extract for topicals, lotions, bath bombs, pills and pet products. Focused on hemp, the laboratory continues isolating novel cannabinoids and developing new processes for the isolation of CBD. In addition, the lab has developed many new formulations and applications for CBD and related cannabinoids.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

Accounting policies and procedures are listed below. The Company has adopted a December 31 year-end.

**Accounting Basis**

We have prepared the consolidated financial statements according to generally accepted accounting principles (GAAP).

**Cash and Cash Equivalents**

The company considers all highly liquid investments with original maturities of three months or less as cash equivalents. As of March 31, 2022, the company had no cash or cash equivalent balances in excess of the federally insured amounts. The company's policy is to invest excess funds in only well capitalized financial institutions.

## **Earnings per share**

The company adopted the provisions of SFAS No. 128, "Earnings per Share." SFAS No. 128 requires the presentation of basic and diluted earnings per share ("EPS"). Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted.

The company has not issued any options or warrants or similar securities since inception.

## **Stock Based Compensation**

As permitted by statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting Based Compensation", the company has elected to continue to follow the intrinsic value method in accounting for its' stock-based compensation arrangements as defined by Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued Employees", and related Interpretations including "Financial Accounting Standards Board Interpretations" No. 44, "Accounting for Certain Transactions Involving Stock Compensation", and interpretation of APB No. 25. As of March 31, 2022, the company has not formed a Stock Option Plan and has not issued any options.

## **Fixed Assets**

Fixed assets are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of fixed assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

## **Income Taxes**

The provision for income taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred income taxes where differences exist between the period in which transactions affect current taxable income and the period in which they enter into the determination of net income in the financial statements.

## **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **Goodwill**

Goodwill is created when we acquire a business. It is calculated by deducting the fair value of the net

assets acquired from the consideration given and represents the value of factors that contribute to greater earning power, such as a good reputation, customer loyalty or intellectual capital.

We assess goodwill of individual subsidiaries for impairment in the fourth quarter of every year, and when circumstances indicate that goodwill might be impaired.

## **NOTE 2. GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during the quarter ended March 31, 2022, the Company had net income of \$0. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds in 2022 has been from funds generated from proceeds from operations and debt. The Company has experienced net losses from operations since inception but expects these conditions to improve in future years as it develops its business model.

The Company has stockholders' deficiencies at March 31, 2022 and requires additional financing to fund future operations.

The Company's existence is dependent upon management's ability to develop profitable operations and to obtain additional funding sources. There can be no assurance that the Company's financing efforts will result in profitable operations or the resolution of the Company's liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

## **NOTE 3. RECENTLY ISSUED ACCOUNTING STANDARDS**

Management does not believe that any recently issued but not yet adopted accounting will have a material effect on the Company's results of operation or on the reported amount of its assets and liabilities upon adoption.

## **NOTE 4. PROVISION FOR INCOME TAXES**

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carry forwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As March 31, 2022 and as of December 31, 2021, 2020, and 2019, the Company has not recorded any unrecognized tax benefits.

## NOTE 5. EQUITY ISSUANCES

On March 2, 2020, the Company signed a consulting agreement with Pinnacle Consulting Services Inc. whereby it agreed to pay 150,000 shares of common stock for consulting services. The shares were deemed earned in full upon the execution of the agreement and Pinnacle Consulting Services and its owner is a non-affiliate of the Company. The shares were issued on June 4, 2020.

On June 29, 2020, the company incorrectly issued 250,000 shares instead of 25,000. A "Fix It" letter was provided to the transfer agent to correct the issuance. The cost was based on a share price of \$0.20 each for a value of \$5,000,000. The 250,000 incorrectly issued shares were canceled on July 10, 2020, and the correct amount of 25,000 shares were issued on July 10, 2020.

On June 22, 2020, the Company signed an advisory services agreement with Alka Badshah. whereby it agreed to pay 25,000 shares of common stock for compensation. The shares were deemed earned in full upon the execution of the agreement and Alka Badshah. The shares were issued on July 10, 2020.

On March 6, 2020, the Company signed a participation agreement with Alka Badshah. whereby it agreed to issue 100,000 shares of common stock. The shares were deemed earned in full upon the execution of the agreement and Alka Badshah. The shares were issued on July 10, 2020.

On February 28, 2020, the Company signed a participation agreement with Aaron Freeman. whereby it agreed to issue 150,000 shares of common stock. The shares were deemed earned in full upon the execution of the agreement and Aaron Freeman. The shares were issued on July 10, 2020.

On May 8, 2020, the Company signed a participation agreement with Donald Shearin. whereby it agreed to issue 175,000 shares of common stock. The shares were deemed earned in full upon the execution of the agreement and Donald Shearin. The shares were issued on July 10, 2020.

On June 17, 2020, the Company signed an advisory agreement with Katrina Rosseini. whereby it agreed to pay 50,000 shares of common stock for advisory consulting services. The shares were deemed earned in full upon the execution of the agreement and Katrina Rosseini. The shares were issued July 10, 2020.

On July 13, 2020, the Company signed a stock purchase agreement with John C Farrow. whereby it agreed to issue 125,000 shares of common stock. The shares were deemed earned in full upon the execution of the agreement and John C Farrow. The shares were issued on July 20, 2020.

On July 20, 2020, the Company signed a consulting agreement with Katrina Rosseini. whereby it agreed to pay 250,000 shares of common stock for consulting services. The shares were deemed earned in full upon the execution of the agreement and Katrina Rosseini. The shares were issued August 14, 2020.

On August 6, 2020 the Company signed an Assets Purchase agreement with Hempstrack LLC. whereby it agreed to pay 62,196,942 shares of common stock for asset purchasing. The shares were deemed earned in full upon the execution of the agreement and Hempstrack LLC and its owner Gregory Haynes, Kim Melbye and Justin Costello. The shares were issued to Gregory Haynes, Kim



Melbye and Justin Costello on August 21, 2020.

On August 28, 2020, the Company signed a consulting agreement with Joshua Reza Kohoshsefat whereby it agreed to pay 75,000 shares of common stock for consulting services. The shares were deemed earned in full upon the execution of the agreement and Joshua Reza Kohoshsefat. The shares were issued on September 9, 2020.

On March 6, 2020, the Company signed an employment agreement with Richard Hawkins. whereby it agreed to pay 400,000 shares of common stock for compensation. The shares were deemed earned in full upon the execution of the agreement and Richard Hawkins. The shares were issued on September 9, 2020.

On September 2, 2020, the Company signed a Services agreement with Kevin Svendsen whereby it agreed to pay 46,620 shares of common stock for design, installation, and maintenance services. The shares were deemed earned in full upon the execution of the agreement and Kevin Svendsen. The shares were issued on September 9, 2020.

On September 1, 2020, the Company signed a consulting agreement with Katrina Rosseini. whereby it agreed to pay 1,650,000 shares of common stock for consulting services. The shares were deemed earned in full upon the execution of the agreement and Katrina Rosseini. The shares were issued on September 9, 2020.

On March 9, 2021 the Company cancelled the shares in the amount of 25,396,942 previously issued to Hempstrack, LLC and the shares were returned to treasury.

#### **NOTE 6. SUBSEQUENT EVENTS**

As of March 31, 2022, there were no subsequent events.